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Senate

The Senate met at 9 a.m. and was called to order by the Honorable RICHARD G. LUGAR, a Senator from the State of Indiana.

PRAYER

The PRESIDING OFFICER. Our guest Chaplain, Rev. Laurel Arthur Burton, Gobin Memorial United Methodist Church, Greencastle, IN, will lead the Senate in prayer.

The guest chaplain offered the following prayer:

Let us pray.

O Thou great Creator, God of all the nations:

We bow before You knowing that these gathered here today have the power to choose right over wrong, good over evil. Bless each one of them that they might choose according to Your will.

Open their ears so that they may truly listen to one another.

Open their eyes so that they may truly see the path of righteousness.

Open their mouths that they may speak truly with the deepest integrity.

And open their hearts and minds that they may discern the way that leads to the common good.

O Spirit of power, grant that the only ambition in this Chamber may be the desire to achieve peace and prosperity for all Americans. Grant that the only competition may be the struggle for justice. O Thou great Creator, God of all the nations, lead this great Nation as a pillar of cloud by day and a pillar of fire by night, until the day comes when all nations shall dwell together in peace and concord. Amen.

PLEDGE OF ALLEGIANCE

The Honorable RICHARD G. LUGAR led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 13, 2006.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable RICHARD G. LUGAR, a Senator from the State of Indiana, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. LUGAR thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Alaska is recognized.

SCHEDULE

Mr. STEVENS. Mr. President, speaking for the leader, I announce to the Senate that this morning, the first 30 minutes will be a period for the transaction of morning business, which has been divided between the two sides. After morning business, we will return to the Homeland Security appropriations bill. The two managers have a tentative lineup of amendments this morning and into the afternoon. It is the leader's understanding they are working toward a vote this morning in relation to one of those amendments, and we will alert everyone when that amendment is locked in. Senators should be on notice that a vote could occur between 10 and 10:30 this morning.

We have said we will finish this bill today, and that could translate into a

late night, if needed, in order to pass this important Homeland Security appropriations bill. The leader hopes we can finish this earlier, and if Senators will communicate with managers earlier today regarding amendments, then it is his feeling we should be able to finish this bill at a reasonable time today.

In any event, it is the leader's intention to stay in today, tonight, or tomorrow—whatever it takes—to conclude this important bill this week.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business for up to 30 minutes, with the first half of the time under the control of the Democratic leader or his designee and the second half of the time under the control of the majority leader or his designee.

The Senator from North Dakota.

ENERGY

Mr. DORGAN. Mr. President, I was in a town called Zeeland, ND, because we have a serious drought occurring in ranching country. We had ranchers and farmers—this is a town of about 120 people and 170 ranchers and farmers showed up very concerned about how they are going to feed their cattle.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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We talked a lot about the drought and the devastation for ranchers and farmers when it doesn't rain and how they take care of their cattle herd and what might happen to them.

One of the issues raised in that meeting repeatedly was—in addition to the lack of rain—if you are running a farm or ranch, you are a heavy user of energy. What has happened to the price of energy, particularly the price of fuel, has been devastating to those farmers and ranchers.

Our State university pointed out that the average farm and ranch in North Dakota is confronted with about \$18,000 a year in higher costs because of what has happened to the price of fuel.

This morning I woke up and listened to the news, just as I did yesterday, and found that the price of oil is over \$75 a barrel and continuing to go up. If we take a look at the major integrated oil companies in this country, we will discover the substantial increase in profits—this is 2005 over 2004, last year's numbers: 43-percent increase, 37-percent increase, 31-percent increase in profits.

The Congressional Research Service just did an evaluation for one of our colleagues which says that cash reserves for the major integrated oil companies have grown from over \$9 billion in 1999 to nearly \$58 billion now. Let me say that again. Cash reserves of the major integrated oil companies now stand at over \$58 billion.

It made me think about a story that was in *BusinessWeek* 2 years ago, "Why Isn't Big Oil Drilling More?"

Rather than developing new fields, oil giants have preferred to buy rivals, "drilling for oil on Wall Street." While that makes financial sense, it is no substitute for new oil.

Oil has been over \$20 a barrel continuously since 1999. Far from raising money to pursue opportunities, oil companies are paying down debt, buying back shares and hoarding cash.

That was 2 years ago. It is worse now. Last fall, we offered a windfall profits rebate that would have collected from those companies that were not using their revenues to expand their search for additional oil. For those that were buying back stock or drilling for oil on Wall Street, they would pay a fee, the total proceeds of which would be rebated to consumers. Those who were building additional refineries or investing back into the ground to search for oil would not pay the fee; they would be exempt.

The oil companies were very upset by that proposal, but the fact is, they would decide whether they would pay it. None of it would come to the Government; it would all be rebated to consumers. They would decide whether they pay it based on their decisions. Are they going to buy back stock with their profits? Are they going to hoard cash, drill for oil on Wall Street, or are they going to use those profits to expand the supply of energy?

I believe given what is happening, as we know, there is no free market in oil. I know there is a lot of discussion on

the floor of the Senate about free market. We have oil ministers from the OPEC countries sitting around a table behind a closed door talking about how much they are going to produce and what price they aspire to have. We have big oil companies married up through blockbuster mergers, and they have two names—ExxonMobile, PhillipsConoco; they have more raw muscle in the marketplace—and, third, the futures market has become an orgy of speculation, no question about that.

With these three elements, there is no free market in oil. The price of oil is now at \$75 a barrel. Almost all consumers in this country—yes, those who drive up to the gas pumps and pay \$50, \$60 and more to fill their tanks, and especially farmers and ranchers—are struggling to find out: How do I buy fuel for spring planting? How do I buy fuel for the harvest? How do I put up hay for the cattle? How do I do all of that? They are the ones who bear all the pain, and in the meantime the major integrated oil companies are waiting to the bank with a treasury that is full of money coming from consumers.

This does not work. In the longer term, aside from the question of how dependent we are on offshore oil, it seems to me Congress has to decide that it is going to intervene if we are going to \$58 billion in cash reserves created by the major integrated companies. Those cash reserves are not working. Those cash reserves are not expanding the supply of energy, they are not expanding the supply of oil, and therefore reducing prices. They are being used—as I said, in *BusinessWeek* there was one example of drilling for oil on Wall Street or buying back stock. That is not a way to bring prices down and provide some relief to consumers.

Last fall, Senator DODD and I offered a proposal that would have provided a rebate to consumers from those companies as a result of those companies not using those profits to reinvest in expanding the search for energy. We came up very short in the vote. It is our intention to offer that proposal once again. At \$75 a barrel for oil, with increases particularly for farmers and ranchers in an agricultural State, it is reasonable to ask: What is Congress doing? Is it just content to observe, just watching? What is Congress doing?

So if nothing intervenes in the coming days, Senator DODD and I intend to offer, once again, that proposal. Let me underscore that the point of that proposal is this: That proposal will be the most significant incentive to expand production and expand the search for additional production that we could have. This is not punitive. It is to say: Either you are using it to expand the production of energy supplies and bring down prices or you are going to have to rebate some of it back to the consumers.

In 2004, the oil industry had its highest profits in its history. The average

price for a barrel of oil was \$40. Now it is \$75. Those major integrated companies haven't done anything to increase expenses or any other issues; they are just collecting that additional revenue.

I want the oil industry to find additional oil and to produce in areas that are available to them. The best way, the most significant incentive I can think of is to say to them: If you are thinking about what to do with that cash reserve of \$58 billion and deciding between buying back your stock or trying to do additional mergers and acquiring oil through mergers rather than drilling, then you would be a lot smarter to find a way to expand production by investment because that means you will not be impacted at all by the proposal we would offer.

This proposal is about expanding investment in exploration and thereby expanding the supply of energy and bringing down the price of energy. So that is what Senator DODD and I will, once again, attempt to do.

I hope that in the coming days we will begin to see some lessening of the burden of these energy prices on the American consumer, farmers and ranchers and others. In the meantime, I don't think we ought to take a look at a \$58 billion cash reserve by the major integrated companies, most of them—three of them; nearly 90 percent of them are three companies—and say, that is OK, it doesn't matter to us, while everybody else is feeling the pain and bearing the burden of these dramatically increasing prices.

Mr. President, I yield the floor and make a point of order that a quorum is not present.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BROWNBACK. Mr. President, I believe we are in morning business.

The PRESIDENT pro tempore. The Senate is in morning business, with 15 minutes reserved for the majority and 15 minutes reserved for the minority. The minority still has 6½ minutes.

Mr. DORGAN. Mr. President, I believe my colleague, Senator DODD, is on his way to the Chamber, but let me ask unanimous consent that Senator BROWNBACK proceed, with the understanding that we would reclaim our time on this side when Senator DODD arrives.

The PRESIDENT pro tempore. Without objection, it is so ordered. The Democratic time is reserved, and the Senator is recognized under the previous order.

Mr. BROWNBACK. I thank my colleague from North Dakota for that as well.

NORTH KOREA

Mr. BROWNBACK. Mr. President, I rise to talk about the situation in